

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Jimmy L. Morales, City Manager
DATE: September 14, 2016

SUBJECT: REPORT OF THE JULY 6, 2016 FINANCE AND CITYWIDE PROJECTS COMMITTEE MEETING: **1.** DISCUSSION TO PROGRAM THE BUDGET ITEM FOR ESPANOLA WAY STREET IMPROVEMENT TO 2015-16 WHICH IS PRESENTLY PROGRAMMED FOR FISCAL YEARS 2015-16 AND 2016-17 **2.** REVIEW OF PROPOSED CAPITAL BUDGET **3.** GENERAL FUND CSL UPDATE AND PROPOSED MILLAGE RATE **4.** FY 2016/17 GENERAL FUND OPERATING BUDGET **A.** POTENTIAL EFFICIENCIES / REDUCTIONS **B.** POTENTIAL ENHANCEMENTS **5.** TRANSPORTATION FUND.

Legislative Tracking

Finance

ATTACHMENTS:

Description

- ▣ FCWP 07.06.16 Minutes

MIAMIBEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE MEMORANDUM

TO: Members of the Finance and Citywide Projects Committee

FROM: Jimmy L. Morales, City Manager

DATE: SEPTEMBER 14, 2016

SUBJECT: REPORT OF THE FINANCE AND CITYWIDE
PROJECTS COMMITTEE (FINANCE) MEETING ON
JULY 6, 2016

The agenda is as follows:

NEW BUSINESS

1. Discussion to Program The Budget Item for Española Way Street Improvement to 2015-16 Which Is Presently Programmed For Fiscal Years 2015-16 and 2016-17

ACTION

The Committee recommended moving forward with a budget amendment to be heard at the July 20, 2016 meeting for the proposed funding in the amount of \$1,978,813 that has been budgeted under 305 SB Quality of Life Resort Tax Fund – 1%.

BUDGET BRIEFING:

OLD BUSINESS

2. Review of Proposed Capital Budget

ACTION

The Finance Committee received additional information for the following items:

Scott Rakow Youth Center & North Shore Park Youth Center:

At the June 6th meeting the Committee asked what the priority of generator replacement at these facilities was and if they were used as emergency centers. The priority of the generator replacement was determined to be of "medium" priority and the facilities are used as emergency centers, however, since the

replacement of the generators are not a top priority due to limited funding these replacements are not being recommended for funding.

North Beach Master Plan:

The following list includes existing funded projects and unfunded requested projects that relate to the North Beach Master Plan:

- 72nd Street Protected Bike Lanes: \$39,000 funded in previous years of which \$0 has been spent; \$200,000 Proposed for FY 2016/17.
- 73rd Street Protected Bike Lanes: \$39,000 funded in previous years of which \$0 has been spent; \$200,000 Proposed for FY 2016/17; \$3,715,000 Programmed Request for FY 2017/18.
- 74th Street from Collins Ave to Carlyle Ave Street Improvements: \$85,000 funded in previous years of which \$18,758 has been spent.
- Painting & Lighting of Bridges in North Beach: \$1,100,000 funded in previous years of which \$15,495 has been spent; \$60,000 Proposed for FY 2016/17; and \$1,405,000 programmed request for subsequent years (FY 2017/18 -FY 2020/21).
- Bridge Light (77th St/Hawthorne Avenue): \$30,000 funded in previous years of which \$0 has been spent.
- North Shore Neighborhood Improvements: \$10,792,513 funded in previous years of which \$6,511,941 has been spent.
- Entrance Signs to North Beach: \$300,000 funded in previous years of which \$15,000 has been spent.
- Dickens Avenue Shoreline & Bike Path: \$461,644 funded in previous years of which \$28,319 has been spent.
- North Beach Domino Park: \$400,000 funded in previous years of which \$22,700 has been spent.
- Bonita Drive Street End Improvements: \$35,000 funded in FY 2015/16 of which \$0 has been spent; \$100,000 Proposed for FY 2016/17; and \$200,000 Programmed Request for FY 2017/18.
- North Beach Streetscape Pilot Project: \$100,000 funded in FY 2015/16 of which \$0 has been spent; and \$230,000 Proposed for FY 2016/17.
- Rue Vendome Public Plaza: \$100,000 funded in FY 2015/16 of which \$0 has been spent; and \$1,000,000 Proposed for FY 2016/17.
- 81st Street Pedestrian Bridge Area: \$30,000 funded in FY 2015/16 of which \$0 has been spent; and \$150,000 Proposed for FY 2016/17.
- Tent for North Beach Bandshell: \$100,000 funded in FY 2015/16 of which \$18,305 has been spent; and \$125,000 Proposed for FY 2016/17.
- Collins/Harding Alleyway Reconstruction: \$100,000 Proposed for FY 2016/17; and \$850,000 Programmed Request for FY 2017/18.
- North Shore Neighborhood ROW Improvements – 77th Street Neighborhood Greenway: \$160,000 Requested for FY 2016/17 but not proposed due to insufficient funding; and \$690,000 Programmed Request for FY 2017/18.
- North Shore Neighborhood ROW Improvements -85th Street Neighborhood Greenway: \$125,000 Requested for FY 2016/17 but not proposed due to insufficient funding; and \$1,090,000 Programmed

Request for FY 2017/18.

- North Shore Neighborhood ROW Improvements -Tatum Waterway Neighborhood Greenway: \$50,000 Requested for FY 2016/17 but not proposed due to insufficient funding; and \$830,000 Programmed Request for FY 2017/18.
- 71st Street Eastern Street End Improvement Design Study: \$25,000 Programmed Request for FY 2017/18.
- North Beach Town Center Complete Streets: \$1,672,000 Programmed Request for FY 21 (no funding source identified).
- North Beach Town Center Streetscape Improvement: \$11,790,000 Requested for FY 2016/17 but not funded. (No funding source identified).
- 72nd Street Park & Parking Structure: \$14,500,000 Programmed Request for FY 2019/20. (No funding source identified)
- North Beach Library | City Hall Annex | Parking: \$34,000,000 Requested for FY 2016/17 but not funded. (No funding source identified).

Entrance Signs:

- Entrance Signs on North Beach -Funded in FY 2016/15 in the amount of \$300,000. To date there have been expenses of \$15,000 leaving an available balance of \$285,000.
- Entrance Sign on MacArthur-The request was submitted after the June 5th meeting in the amount of \$500,000 and is included as requested in the Pay-As-You-Go fund.

Nautilus Traffic Calming and Bayshore Neighborhood Traffic Calming:

At the June 5th meeting the Committee asked that the estimate provided for the Nautilus Traffic Calming be re-evaluated which was estimated to be \$2,550,000. Re-evaluated estimates will not be available until September 2016.

The following are changes to the proposed Capital Budget sorted by funding source after the June 6th meeting:

Renewal and Replacement Fund:

As stated in Reso#2004-25697, the capital renewal and replacement millage rate must be set to at least the value of the debt service millage rate reduction resulting from growth in the assessment value of the tax base. In FY 2016/17, it is recommended that the renewal and replacement voted millage rate be set to 0.0235 which will generate \$662,000 for renewal and replacement projects in FY 2016/17. As a result, some projects that were previously proposed for funding have been deferred to FY 17 /18. These projects are:

- Scott Rakow Community Center Aluminum Windows Renewal
- South Shore Community Center Electrical Distribution Renewal
- South Shore Community Center Fire Alarm System Renewal
- 777 Building Branch Wiring -Equipment & Devices Renewal

Concurrency Mitigation Fund

- Intelligent Transportation System request in the amount of \$7,900,000 was moved from this funding source and inserted in the Half Cent Transit Surtax (PTP) funding source.

Half Cent Transit Surtax -County (PTP)

- Added the request for the Intelligent Transportation System at the revised amount of \$10,130,000 with proposed funding at \$2,020,026 which is what is available in the fund. The total estimated project cost is \$14,690,000 of which \$4,560,000 is already funded; plus the FY 17 proposed funding of \$2,020,036, the project would be funded at \$6,580,026 leaving the remaining future need unfunded at \$8,109,974.

Pay-As-You-Go (PAYGO)

- Sky Watch Tower: Based on requests from the Police Department after the June 6th meeting increased the Sky Watch Tower Refurbish from \$61,000 to \$116,000 based on increased cost estimate.
- Fairway Park:
 - Fairway Drainage & Playground Replacement Project was moved from North Beach Quality of Life to PAYGO and combined with the Fairway Park project increasing the Fairway Park proposed funding from \$1,000,000 to \$1,181,000.
 - Revised the Fairway Park project name to be named Fairway Park (Artificial Turf Soccer Field, Drainage & Playground Replacement).
- Maurice Gibb Park: The initial amount proposed was \$177,000 in South Beach Quality of Life Funds; however this amount assumed a grant match. However the grant cannot be attained as the project does not meet the grant requirements. Therefore this additional funding of \$177,000 will provide the project the full \$354,000 it needs.
- Rainbow Crosswalk: Added Proposed Funding for the Ocean Drive Rainbow Crosswalk in the amount of \$100,000.
- Muss Park Playground: Updated funding request for Muss Park Playground and Other Improvements to \$500,000. The project is partially funded in "Reallocation of Funds" Fund for \$345,000. The remainder, \$155,000, is listed in the PAYGO fund however this amount was not proposed in FY 2016/17 due to the limited remaining balance in the PAYGO fund.
- MacArthur Entrance Sign: Request in the amount of \$500,000, however this amount was not proposed in FY 2016/17 due to the limited remaining balance in the PAYGO fund.
- Commission Chamber Renovation: At the request of the Committee, added Commission Chamber Renovation request in the amount of \$339,000, however this amount was not proposed for funding due to the limited remaining balance in the fund. This amount includes the following work:

- Demo: \$18,000
- Millwork: \$47,000
- Drywall: \$5,000
- Wall Coverings: \$63,000
- Paint: \$4,000
- Carpet: \$18,000
- Seating: \$40,000
- ADA: \$30,000
- Kitchenette/Restrooms: \$35,000
- Lighting: \$27,000
- Architect / Engineering: \$27,000
- Contingency: \$25,000

South Beach -Quality of Life

- Lummus Park Muscle Beach Upgrade revised estimate increases from \$125,000 to \$200,000.
- Added request for Bass Museum Park Cafe -Furniture & Fixtures in the amount of \$100,000 but did not propose due to limited remaining balance in the fund.

North Beach -Quality of Life

- Based on updated timeline, the 71st Street Eastern Street End Improvement Design Study in the amount of \$25,000 was moved from FY 2016/17 to FY 2017/18.
- Added \$125,000 based on updated estimate for the Tent for the North Shore Bandshell.
- Combined the Fairway Drainage & Playground Replacement with the Fairway Park project in the PAYGO Fund as noted above.

Parking Operations Fund

- Removed the Proposed Funding for Police Headquarters Visitors Parking Garage, due to the increase in the revised estimate, Staff does not recommend moving forward with this project. There are the two other garages on Washington Avenue and 10th Street and Collins and 13th Street that will provide a sufficient increase in spaces on Washington Avenue between 5th and 17th Streets.

Other Changes:

The following are requested changes to projects in scope that do not have any fiscal impacts:

Building Department:

-The Building Department is recommending modifying the scope of project "2nd Floor Renovations" to include renovations to their satellite office in North Beach. This modification will improve the efficiency of the operations of the Building Department within City Hall and improve customer experience as it will also allow

for residents and business owners in the north end of the City to more easily access Building Department services closer to their homes or businesses.

-The Building Department is recommending modifying the scope of project "Building Development Process Enterprise System". As the City progresses in its implementation of Munis and to replace the City's current permitting and licensing system known as "Permits Plus" with "Energov", the Department has identified areas where scope changes would increase efficiency: (1) ability to purchase iPad Minis for the Inspectors and Compliance Officers involved in the Building Development Process which will streamline the issuance of building code violations as well as expedite the inspection process; (2) ability to purchase a payment kiosk for the new North Beach Satellite Office which will allow customers to pay for permits or violations by check or credit card in the lobby of the satellite office, thus avoiding a separate trip to City Hall; (3) ability to secure a plans management and tracking system for the Plan Review process such as bar codes or Quick Response (QR) code technology, to ensure the appropriate location and tracking of plans in the Plan Review process; and (4) ability to procure a mechanism to obtain feedback from the customers, constituents, business entities and visitors about their experience doing online transactions within the Citizen Access portal.

NEW BUSINESS (Items 3, 4 and 5 were presented together)

- 3. General Fund CSL Update and Proposed Millage Rate
- 4. FY 2016/17 General Fund Operating Budget
 - a. Potential Efficiencies/Reductions
 - b. Potential Enhancements
- 5. Transportation Fund

ACTION

On June 1st 2016, we received the preliminary 2016 property assessment values for the City of Miami Beach which was used to provide a Current Service Level and revenue update at the June 5th Finance and Citywide Projects Committee meeting on June 6th, 2016. Today we received the certified property assessment values, which will be the values used for budget purposes. The table below shows the difference between the preliminary and certified values and the impact on FY 2016/17 Property Tax Revenue projections.

	June 1st Preliminary	July 1st Certified
Property Assessment		
Existing Values	33,282,000,000	34,697,757,108
New Construction	1,156,000,000	1,156,000,000
Total	34,438,000,000	35,853,757,108
City Center CRA	5,305,000,000	5,612,744,843
Citywide Total	29,133,000,000	30,241,012,265
Property Tax Revenue Projection	160,957,000	160,779,142
Property Tax Revenue Projection Variance		(177,858)

The June 1st preliminary Property Tax Revenue projections assumed the City Center CRA would grow 10 percent from 2015. The City Center CRA growth rate calculated based on July 1st certified property resulted in a 16.4 percent increase compared to 2015 thereby reducing the Citywide Total by a greater percentage than estimated. As a result, the Property Tax Revenues projections were reduced by \$177,858 for the General Fund.

At the July 13th, 2016 Commission meeting, the Commission will set the proposed millage rate for the FY 2016/17 budget process per the State's Truth-in-Millage (TRIM) requirements. By August 4th the City Manager will certify the proposed millage rate to the Property Appraiser. The proposed millage rate *will* be included in the TRIM notices mailed by the Property Appraiser on August 24th. The purpose of the TRIM notice is to notify property owners how much their property taxes could potentially increase or decrease and which governmental entity is responsible for the taxes levied. As such, the proposed millage rate effectively sets the "ceiling" for the millage rate during the budget process because it cannot be increased without sending out a new TRIM notice to all property owners in Miami Beach. However, millage rates can remain the same or be decreased throughout the process until the final millage rates are adopted by the Commission at the second public hearing on September 27th.

There are three main components to the City's General Fund combined millage rate, the operating millage rate, the voted debt service millage rate, and the voted renewal and replacement millage rate. The operating millage rate funds operating costs in the General Fund and the debt service millage rate funds debt service for previously issued general obligation bonds. In FY 2016/17, the debt service payment is \$5.9 million which requires the levy of a voted debt service millage rate of 0.1796. The proposed rate is 0.0235 mills less than in FY 2015/16. The renewal and replacement millage rate funds Capital renewal and replacement projects. As stated in Reso #2004-25697, the capital renewal and replacement millage rate must be set to at least the value of the debt service millage rate reduction resulting from growth in the assessment value of the tax base. In FY 2016/17, it is recommended that the renewal and replacement voted millage rate be set to 0.0235 which will generate \$662,000 for renewal and replacement projects in FY 2016/17. The remaining portion of the renewal and replacement millage (0.0848) will transfer to the Operating millage rate in order to set aside \$3 million in the General Fund for additional pension costs of \$6 million expected in FY 2017/18. Overall the combined millage rate would be reduced to 5.8888 as shown in the table below, the lowest since 2008 when it was 5.8970.

Combined Millage Rate Analysis

	June 1st Preliminary	July 1st Certified
Operating	5.6009	5.6857
Renewal and Replacement	0.1083	0.0235
Debt Service	5.7092	5.7092
Combined Millage Rate	0.1810	0.1796
	5.8902	5.888

The impact to a property owner of a homesteaded property would be that the property tax bill to the City of Miami Beach would increase \$3 for a median property and \$9 for an average property assuming median and average home property values increased by 0.8 percent year over year.

Homesteaded Properties				
	FY 2015/16		FY 2016/17	
			with 0.8% CPI	
	Median	Average	Median	Average
	\$ 155,690	\$ 383,782	\$ 156,936	\$ 386,852
City of Miami Beach				
Operating	\$ 889	\$ 2,191	\$ 896	\$ 2,209
Voted Debt	32	78	28	69
Total Miami Beach	\$ 921	\$ 2,269	\$ 924	\$ 2,278
\$ Change in Taxes				
Operating			\$ 7	\$ 18
Voted Debt			(4)	(9)
Total Miami Beach			\$ 3	\$ 9

* Source : Miami-Dade County Property Appraiser 's - 2015-average-median-homestead-residential-values file

As part of the development of the proposed FY 2016/17 proposed budget, departments were requested to submit lists of potential reductions/efficiencies totaling 3 percent of their FY 2015/16 budgets. A list of the potential efficiencies and 3 percent reductions can be found in Attachment A. The lists were reviewed extensively by the City Manager, Executive Team, Department Directors, and the Budget Office. As a result of this review, recommended reductions/efficiencies totaling \$1,127,000 for the General Fund were identified.

Additionally, departments were requested to submit potential enhancements to their budgets which can be found in Attachment B. These potential enhancements help address several of the City's strategic priorities.

Enhancement requests that would be funded by the General Fund include:

- Open Data initiative
- Increased televised public meetings
- Enhancing newly created Environmental & Sustainability Department through additional positions and the development of an Urban Forestry Management plan
- Enhancing Emergency Management/911 operations
- Expanding staffing for Fire Rescue 44
- Creation of a Homeless Overnight and Recovery Center
- Additional funding for Voluntary Pre-Kindergarten program
- Enhancing the Park Ranger program
- Increasing restroom cleanliness
- Enhanced policing services
- Adding a dedicated School Liaison Officer and a Best Buddies office associate
- Enhancing tree maintenance

- Bass Museum budget enhancements

Enhancements to be funded by other funds include:

- Adding a dedicated senior systems analyst for the Munis project (Internal Services Fund)
- Enhancing the Code Compliance Short Term Rental Task Force by three positions (Resort Fund)
- Enhance preventive maintenance of storm water and sewer infrastructure (Enterprise Fund)
- Expanding the Can-On-Every-Corner initiative (Enterprise Fund)
- Ciclovia funding for 8 months (Special Revenue Fund)

In summary, the recommended enhancements and reductions/efficiencies result in a net unallocated surplus of \$2.3 million in the General Fund still available for additional enhancements or additional millage rate reduction after adjusting for proposed efficiencies of \$1 million and proposed enhancements of \$59,000.

FY17 CSL	
Property Tax Revenues	160,779,000
Non-property Tax Revenues	158,219,000
Total Revenues	318,998,000
Department Operating CSL	306,917,000
Capital Funded by General Fund	5,565,000
Total General Fund CSL	312,482,000
Pension Mortality Payment Set-Aside	3,000,000
Risk Management Fund Allowance	1,000,000
Surplus/(Deficit)	2,516,000
Additional Revenues	
Proposed Efficiencies	1,051,000
Total	1,051,000
Additional Expenses	
Additional Pension costs	1,200,000
Proposed Enhancements	59,000
Transportation Fund	-
Total	1,259,000
Unallocated Surplus(Deficit)	2,308,000

At the June 17th, 2016 Finance and Citywide Projects Committee meeting, the Transportation fund was discussed and it was requested that a potential funding source from the General Fund be identified based on General Fund Non-Property Tax Revenues. Below are several scenarios for potential contributions to the Transportation Fund. It should be noted that these contributions could potentially require a millage rate increase in the future. For the scenarios below, it was assumed that General Fund Non-Property Tax revenues would be \$158,219,000 for FY 2016/17.

Scenario 1: 0 percent Transportation Fund Contribution: \$0
 Scenario 2: Half 1/4 percent Transportation Fund Contribution: \$198,000
 Scenario 3: ¼ percent Transportation Fund Contribution: \$396,000

At the June 6th, 2016 Finance and Citywide Projects Committee meeting, additional information was requested regarding the reserves of the General Fund, Resort Tax Fund, and other major funds. An overview is provided below:

- General Fund reserves: \$47,471,901 (16.9% of budget)
- Resort Tax fund reserves: \$12,345,000 (25% of budget)

At the June 6th, 2016 Finance and Citywide Projects Committee meeting, additional information was requested regarding General Fund expenses. General Fund budget expenditures have grown on average, 2.7 percent since FY 2007/08.

Fiscal Year	General Fund	
2015-16	300,354,000	7.20%
2014-15	280,079,000	6.10%
2013-14	264,093,000	3.00%
2012-13	256,280,000	4.90%
2011-12	244,336,740	2.90%
2010-11	237,518,114	4.90%
2009-10	226,336,026	-3.80%
2008-09	235,366,925	2.10%
2007-08	230,624,537	-3.00%